

**2013 DRAFTING REQUEST****Assembly Substitute Amendment (ASA-AB232)**

Received: **6/25/2013** Received By: **fknepp**  
 Wanted: **As time permits** Same as LRB:  
 For: **Chad Weininger (608) 266-5840** By/Representing: **Kirsten Reader**  
 May Contact: Drafter: **fknepp**  
 Subject: **Public Assistance - fdshre(SNAP)** Addl. Drafters:  
**Public Assistance - health prgms**  
**Public Assistance - Wis works** Extra Copies:

Submit via email: **YES**  
 Requester's email: **Rep.Weininger@legis.wisconsin.gov**  
 Carbon copy (CC) to: **pam.kahler@legis.wisconsin.gov**  
**fern.knepp@legis.wisconsin.gov**

**Pre Topic:**

No specific pre topic given

**Topic:**

Additional requirements to qualify for a reward; funding change; and exception for client error cases

**Instructions:**

See attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	fknepp 7/3/2013			_____			
/P1	fknepp 7/19/2013	jdye 7/9/2013	jmurphy 7/10/2013	_____	sbasford 7/10/2013		
/P2	fknepp	scalvin	phenry	_____	srose		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	2/18/2014	8/1/2013	8/5/2013	_____	8/5/2013		
/1		jdye 2/20/2014	jmurphy 2/20/2014	_____ _____	sbasford 2/20/2014	sbasford 2/20/2014	

FE Sent For:

<END>

**2013 DRAFTING REQUEST****Assembly Substitute Amendment (ASA-AB232)**

Received: **6/25/2013** Received By: **fknepp**  
 Wanted: **As time permits** Same as LRB:  
 For: **Chad Weininger (608) 266-5840** By/Representing: **Kirsten Reader**  
 May Contact: Drafter: **fknepp**  
 Subject: **Public Assistance - fdshre(SNAP)** Addl. Drafters:  
**Public Assistance - health prgms** Extra Copies:  
**Public Assistance - Wis works**

Submit via email: **YES**  
 Requester's email: **Rep.Weininger@legis.wisconsin.gov**  
 Carbon copy (CC) to: **pam.kahler@legis.wisconsin.gov**  
**fern.knepp@legis.wisconsin.gov**

**Pre Topic:**

No specific pre topic given

**Topic:**

Additional requirements to qualify for a reward; funding change; and exception for client error cases ✓

**Instructions:**

See attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	fknepp 7/3/2013	<i>T 2/20 jld</i>	<i>jd</i>	<i>June 21/20</i>			
/P1	fknepp 7/19/2013	jdye 7/9/2013	jmurphy 7/10/2013		sbasford 7/10/2013		
/P2		scalvin	phenry		srose		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
		8/1/2013	8/5/2013	_____	8/5/2013		

FE Sent For:

<END>

**2013 DRAFTING REQUEST****Assembly Substitute Amendment (ASA-AB232)**

Received: **6/25/2013** Received By: **fknepp**  
 Wanted: **As time permits** Same as LRB:  
 For: **Chad Weininger (608) 266-5840** By/Representing: **Kirsten Reader**  
 May Contact: Drafter: **fknepp**  
 Subject: **Public Assistance - fdshre(SNAP)** Addl. Drafters:  
**Public Assistance - health prgms** Extra Copies:  
**Public Assistance - Wis works**

Submit via email: **YES**  
 Requester's email: **Rep.Weininger@legis.wisconsin.gov**  
 Carbon copy (CC) to: **pam.kahler@legis.wisconsin.gov**  
**fern.knepp@legis.wisconsin.gov**

**Pre Topic:**

No specific pre topic given

**Topic:**

Additional requirements to qualify for a reward; funding change; and exception for client error cases<sup>d</sup>

**Instructions:**

See attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	fknepp 7/3/2013						
/P1		jdye 7/9/2013	jmurphy 7/10/2013		sbasford 7/10/2013		
FE Sent For:		192 sac 07/31/2013	8/1 ph				

<END>

# 2013 DRAFTING REQUEST

## Assembly Substitute Amendment (ASA-AB232)

Received: 6/25/2013 Received By: fknepp  
 Wanted: As time permits Same as LRB:  
 For: Chad Weininger (608) 266-5840 By/Representing: Kirsten Reader  
 May Contact: Drafter: fknepp  
 Subject: Public Assistance - fdshre(SNAP) Addl. Drafters:  
 Public Assistance - health prgms  
 Public Assistance - Wis works Extra Copies:

Submit via email: YES  
 Requester's email: Rep.Weininger@legis.wisconsin.gov  
 Carbon copy (CC) to: pam.kahler@legis.wisconsin.gov  
 fern.knepp@legis.wisconsin.gov

### Pre Topic:

No specific pre topic given

### Topic:

Additional requirements to qualify for a reward; funding change; and exception for client error cases

### Instructions:

See attached

### Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	fknepp	7/9 jld	Jan 19/13	Jan 1/10			

FE Sent For:

<END>

## Knepp, Fern

---

**From:** Reader, Kirsten  
**Sent:** Tuesday, June 25, 2013 1:33 PM  
**To:** Knepp, Fern  
**Subject:** Amendment to AB 232

Hi, Fern:

Rep. Weininger would like to draft an amendment to AB 232, the optional incentive program for counties and tribes.

Please see below, and let me know if there are questions.

- a) County action needed to qualify for an optional incentive payment. Under the newly created ss. 49.846(2)(a)(intro) and (b)(intro), the bill states that a county or tribe can qualify for the optional incentive payment if it "identifies fraudulent activity" in the Medicaid or FoodShare programs. However, under current policy, the county or tribe may receive a portion of actual collections from a fraud case, which means they receive payments only after a case has been successfully prosecuted. To ensure that counties and tribes take all steps necessary for successful prosecution of a case, DHS recommends modifying the bill to indicate that counties must take the following actions to qualify for the optional incentive payments: 1) investigates and determines that fraud occurred, 2) establishes a claim for any overpaid benefits, and 3) pursues criminal prosecution for fraud if directed by the department. *the identified the*
- b) SS. 49.846(2)(a)(intro) and (b)(intro) direct that DHS pay the optional incentive payments from the appropriations under s. 20.435(4)(bm), (L), (nn) and (pa). These are appropriations for Medicaid and FoodShare administrative costs. However, any GPR savings that result from eliminating a case of fraudulent activity would occur in the Medicaid benefits appropriation under s. 20.435(4)(b). The Department requests that a reference to the (4)(b) appropriation be included under s. 49.846(2)(a)(intro).
- c) Under current law, counties or tribes receive incentive payments for both cases of fraud and cases of client error. Under the bill, if a county or tribe chooses the optional incentive program, they would receive payments only for fraud cases and not for client error cases. The Department is concerned that counties or tribes that choose the optional payments would reduce efforts to identify or prevent client error cases. The result could be an increase in the number of people incorrectly determined eligible for Medicaid and FoodShare as well as federal financial penalties. The Department recommends adding language allowing counties or tribes to continue to qualify for a 15% incentive for client error incentive collections under s. 49.497(2)(a) and s. 49.783(2)(a). *49.846(2)(a)*

Thanks!

Kirsten Reader  
Research Assistant  
Office of Representative Chad Weininger  
4<sup>th</sup> Assembly District  
125 West, State Capitol  
608-266-5840 / [Kirsten.Reader@legis.wisconsin.gov](mailto:Kirsten.Reader@legis.wisconsin.gov)



State of Wisconsin  
2013 - 2014 LEGISLATURE

In 7-3-13



LRB 1280/4  
FFK&PJKldrs

50088/P  
keep  
KWR

Assembly Substitute Amendment  
to **2013 ASSEMBLY BILL 232**

June 4, 2013 - Introduced by Representatives WEININGER, JACQUE, GENRICH, NYGREN, TITTL, BIES, KOLSTE, KAUFERT, BERCEAU, BROOKS, SCHRAA, LEMAHIEU, MURPHY, A. OTT, PRIDEMORE, RIPP, KAHL, VRUWINK, ENDSLEY and BERNIER, cosponsored by Senators COWLES, LASEE, HANSEN, OLSEN and SCHULTZ. Referred to Committee on Urban and Local Affairs.

PUF  
7/9  
Jm

Rege

- 1 AN ACT *to amend* 20.435 (4) (bm), 20.435 (4) (L), 20.435 (4) (nn), 20.435 (4) (pa),  
2 20.437 (2) (dz), 20.437 (2) (L) and 49.793 (2) (a); and *to create* 49.846 of the  
3 statutes; **relating to:** an optional incentive program for counties and tribes  
4 that identify fraudulent activity in certain public assistance programs,  
5 granting rule-making authority, and making appropriations.

***Analysis by the Legislative Reference Bureau***

Under current law, a county or elected governing body of a federally recognized American Indian tribe or band (county or tribe) may retain a portion of incorrect overpayments in public assistance programs administered by the Department of Health Services (DHS), including Medical Assistance and the supplemental nutrition assistance program (known as FoodShare in Wisconsin), that are recovered as the result of the efforts of an employee or officer of the county or tribe. Currently, DHS establishes by rule the portion of FoodShare overpayment recoveries that a county or tribe may retain. Under the ~~bill~~, a county or tribe may retain the full amount of FoodShare overpayment recoveries that the state is permitted to retain under federal law. Current law also allows a county or tribe to retain a portion of incorrect overpayments that are recovered in Wisconsin Works program as the result of the efforts of an employee or officer of the county or tribe. Under current law, Milwaukee County may not retain a portion of incorrect payments that are recovered as a result of the efforts of an employee or officer of the county.

Under the ~~bill~~, DHS is required to establish an optional incentive program, by rule, under which a county with a population of less than 750,000 or tribe receives

Substitute amendment



## ASSEMBLY BILL 232

Analysis Ins. 2 ✓  
Analysis Ins. 1 ✓  
substitute amendment  
were made  
recovered  
a reward payment if an employee or officer of the county or tribe identifies fraudulent activity in Medical Assistance or FoodShare. Under the bill, the amount of the reward payment under the program is 20 percent of the amount that DHS determines will be saved in the program over a 12-month period as the result of eliminating the identified fraudulent activity. The bill also provides that, if a county or tribe receives a reward payment under the optional incentive program, the county or tribe may not retain overpayments that are recovered as the result of the identified fraudulent activity. Under the bill, the Department of Children and Families is required to establish a similar incentive program, by rule, that applies to fraudulent activity in Wisconsin Works that is identified by an employee or officer of a county or tribe.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

INS 2-1 ✓  
***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1 SECTION 1. 20.435 (4) (bm) ✓ of the statutes is amended to read:

2 20.435 (4) (bm) *Medical Assistance, food stamps, and Badger Care*  
3 *administration; contract costs, insurer reports, and resource centers.* Biennially, the  
4 amounts in the schedule to provide a portion of the state share of administrative  
5 contract costs for the Medical Assistance program under subch. IV of ch. 49 and the  
6 Badger Care health care program under s. 49.665 and to provide the state share of  
7 administrative costs for the food stamp program under s. 49.79, other than payments  
8 under s. 49.78 (8), for reward payments under s. 49.846 (2), to develop and implement  
9 a registry of recipient immunizations, to reimburse 3rd parties for their costs under  
10 s. 49.475, for costs associated with outreach activities, for state administration of  
11 state supplemental grants to supplemental security income recipients under s.  
12 49.77, to administer the pharmacy benefits purchasing pool under s. 146.45, and for  
13 services of resource centers under s. 46.283. No state positions may be funded in the  
14 department of health services from this appropriation, except positions for the  
15 performance of duties under a contract in effect before January 1, 1987, related to

## ASSEMBLY BILL 232

1 the administration of the Medical Assistance program between the subunit of the  
2 department primarily responsible for administering the Medical Assistance  
3 program and another subunit of the department. Total administrative funding  
4 authorized for the program under s. 49.665 may not exceed 10% of the amounts  
5 budgeted under pars. (p) and (x).

6 **SECTION 2.** 20.435 (4) (L) of the statutes is amended to read:

7 20.435 (4) (L) *Fraud and error reduction.* All moneys received as the state's  
8 share of the recovery of overpayments and incorrect payments under ss. 49.497 (1)  
9 and (1m), 49.793 (2) (a), and 49.847, all moneys received from counties and tribal  
10 governing bodies as a result of any error reduction activities under ss. 49.197 and  
11 49.845, and all moneys credited to this appropriation account under ss. 49.497 (2) (b),  
12 49.793 (2) (b), and 49.847 (3) (b), for any contracts under s. 49.197 (5), for any  
13 activities to reduce error and fraud under s. 49.845, to pay federal sanctions under  
14 the food stamp program, for reward payments under 49.846 (2), and for food stamp  
15 reinvestment activities under reinvestment agreements with the federal  
16 department of agriculture that are designed to improve the food stamp program.

17 **SECTION 3.** 20.435 (4) (nn) of the statutes is amended to read:

18 20.435 (4) (nn) *Federal aid; income maintenance.* All moneys received from the  
19 federal government for the costs of contracting for the administration of the Medical  
20 Assistance program under subch. IV of ch. 49 and the Badger Care health care  
21 program under s. 49.665 and the food stamp program, other than moneys received  
22 under par. (pa), for costs to administer income maintenance programs, as defined in  
23 s. 49.78 (1) (b), and for reward payments under 49.846 (2).

24

**SECTION 4.** 20.435 (4) (pa) of the statutes is amended to read:

, as affected by 2013  
Wisconsin Act 20,

## ASSEMBLY BILL 232

## SECTION 4

20.435 (4) (pa) *Federal aid; Medical Assistance and food stamp contracts administration.* All federal moneys received for the federal share of the cost of contracting for payment and services administration and reporting, other than moneys received under <sup>par.</sup> (nn) <sup>and (np)</sup> to reimburse 3rd parties for their costs under s. 49.475, for administrative contract costs for the food stamp program under s. 49.79, for reward payments under s. 49.846 (2), and for services of resource centers under s. 46.283.

SECTION 5. 20.437 (2) (dz) of the statutes is amended to read:

20.437 (2) (dz) *Temporary Assistance for Needy Families programs; maintenance of effort.* The amounts in the schedule, less the amounts withheld under s. 49.143 (3), for administration and benefit payments under Wisconsin Works under ss. 49.141 to 49.161, the learnfare program under s. 49.26, and the work experience program for noncustodial parents under s. 49.36; for payments to local governments, organizations, tribal governing bodies, and Wisconsin Works agencies; for reward payments under s. 49.846 (3); and for emergency assistance for families with needy children under s. 49.138. Payments may be made from this appropriation account for any contracts under s. 49.845 (4) and for any fraud investigation and error reduction activities under s. 49.197 (1m). Moneys appropriated under this paragraph may be used to match federal funds received under par. (md). Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the department may transfer funds between fiscal years under this paragraph. Notwithstanding ss. 20.001 (3) and 20.002 (1), the department of health services shall credit to this appropriation account funds for the purposes of this appropriation that the department transfers from the appropriation account under s. 20.435 (5) (bc). All funds allocated by the department but not encumbered by December 31 of each year lapse to the general

## ASSEMBLY BILL 232

## SECTION 5

1 fund on the next January 1 unless transferred to the next calendar year by the joint  
2 committee on finance.

3 **SECTION 6.** 20.437 (2) (L) of the statutes is amended to read:

4 20.437 (2) (L) *Public assistance overpayment recovery, fraud investigation, and*  
5 *error reduction.* All moneys received as the state's share of the recovery of  
6 overpayments and incorrect payments under s. 49.191 (3) (c), 1997 stats., and s.  
7 49.195, 1997 stats., for any contracts under s. 49.845 (4), for any activities under s.  
8 49.197 (1m) to investigate fraud relating to the Aid to Families with Dependent  
9 Children program and the Wisconsin Works program, for any activities under s.  
10 49.197 (3) to reduce payment errors in the Wisconsin Works program, for reward  
11 payments under s. 49.849 (3), and for costs associated with collection of public  
12 assistance overpayments.

13 **SECTION 7.** 49.793 (2) (a) of the statutes is amended to read:

14 49.793 (2) (a) Except as provided in par. (b), a county, multicounty consortium,  
15 as defined in s. 49.78 (1) (br), or governing body of a federally recognized American  
16 Indian tribe may retain ~~a portion of the~~ full amount of an overpayment the state is  
17 authorized to retain under 7 USC 2025 that is recovered under sub. (1) due to the  
18 efforts of an employee or officer of the county, multicounty consortium, or tribe. ~~The~~  
19 ~~department shall promulgate a rule establishing the portion of the amount of the~~  
20 ~~overpayment that the county, multicounty consortium, or governing body may~~  
21 ~~retain.~~ This paragraph does not apply to recovery of an overpayment that was made  
22 as a result of state, county, multicounty consortium, or tribal governing body error.

23 **SECTION 8.** 49.846 of the statutes is created to read:

## ASSEMBLY BILL 232

## SECTION 8

1           **49.846 Optional incentive program for counties and tribes that**  
2           **identify fraud in certain public assistance programs.** (1) DEFINITIONS. In this  
3           section:

4           (a) "County or tribe" means a county having a population of less than 750,000  
5           or a federally recognized American Indian tribe or band in this state.

6           (b) "Food stamp program" means the federal food stamp program under 7 USC  
7           2011 to 2036a.

8           (c) "Medical Assistance program" means the program under subch. IV.

9           (d) "Wisconsin Works" has the meaning given in s. 49.141 (1) (p).

10          ~~(2) PUBLIC ASSISTANCE PROGRAMS ADMINISTERED BY THE DEPARTMENT OF HEALTH~~  
11          ~~SERVICES. (a) *Medical Assistance program.* The department of health services shall~~  
12          ~~establish an optional incentive program, by rule, under which the department will~~  
13          ~~provide a reward payment to a county or tribe if an employee or officer of the county~~  
14          ~~or tribe identifies fraudulent activity in the Medical Assistance program. The~~  
15          ~~department of health services may make reward payments under the optional~~  
16          ~~incentive program from the appropriations under s. 20.435 (4) (bm), (L), (nn), and~~  
17          ~~(pa). The department of health services shall establish the optional incentive~~  
18          ~~program to include all of the following:~~

19               1. That a county or tribe shall choose to receive a reward payment in the  
20               amount determined under subd. 2. or to retain funds under s. 49.49 (5) or 49.497 (2)  
21               (a).

22               2. That the amount of a reward payment to a county or tribe under the program  
23               is equal to 20 percent of the amount that the department determines will be saved  
24               in the Medical Assistance program as the result of eliminating the identified  
25               fraudulent activity during the 12-month period after the fraudulent activity is

## ASSEMBLY BILL 232

eliminated. Notwithstanding ss. 49.49 (5) and 49.497 (2) (a), a county or tribe that receives a reward payment may not retain any funds that are incorrectly paid as the result of the identified fraudulent activity and recovered due to the efforts of an employee or officer of the county or tribe.

(b) *Food stamp program.* The department of health services shall establish an optional incentive program, by rule, under which the department will provide a reward payment to a county or tribe if an employee or officer of the county or tribe identifies fraudulent activity in the food stamp program. The department of health services may make reward payments under the optional incentive program from the appropriations under s. 20.435 (4) (bm), (L), (nn), and (pa). The department shall establish the optional incentive program to include all of the following:

1. That a county or tribe shall choose to receive a reward payment in the amount determined under subd. 2. or to retain funds under s. 49.793 (2) (a).

2. That the amount of a reward payment to a county or tribe is equal to 20 percent of the amount that the department determines will be saved in the food stamp program as the result of eliminating the identified fraudulent activity during the 12-month period after the fraudulent activity is eliminated. Notwithstanding s. 49.793 (2) (a), a county or tribe that receives a reward payment may not retain any funds that are incorrectly paid as the result of the identified fraudulent activity and recovered due to the efforts of an employee or officer of the county or tribe.

(3) PUBLIC ASSISTANCE PROGRAM ADMINISTERED BY THE DEPARTMENT OF CHILDREN AND FAMILIES; WISCONSIN WORKS. The department of children and families shall establish an optional incentive program, by rule, under which the department will provide a reward payment to a county or tribe if an employee or officer of the county or tribe identifies fraudulent activity in Wisconsin Works. The department of

**ASSEMBLY BILL 232****SECTION 8**

1 children and families may make reward payments under the optional incentive  
2 program from the appropriation under s. 20.437 (2) (dz), (L), and (mc). The  
3 department of children and families shall establish the optional incentive program  
4 to include all of the following:

5 (a) That a county or tribe shall choose to receive a reward payment in the  
6 amount determined under par. (b), to receive a reward under the incentive program  
7 under s. 49.197 (2), or to retain funds under s. 49.195 (4).

8 (b) That the amount of a reward payment paid to a county or tribe is equal to  
9 20 percent of the amount that the department determines will be saved in Wisconsin  
10 Works as the result of eliminating the identified fraudulent activity during the  
11 12-month period after the identified fraudulent activity is eliminated.  
12 Notwithstanding ss. 49.195 (4) and 49.197 (2), a county or tribe that receives a  
13 reward payment may not retain any funds that are incorrectly paid as the result of  
14 the identified fraudulent activity and recovered due to the efforts of an employee or  
15 officer of the county or tribe and may not receive a reward payment under s. 49.197  
16 (2).

17 (4) USE OF REWARD PAYMENT. A county or tribe may use a reward payment  
18 received under this section for any purpose.

19 (5) WAIVERS. (a) If the department of health services determines that it needs  
20 a waiver to allow reward payments under sub. (2) (a) to qualify as administrative  
21 costs for the Medical Assistance program or to allow a county and tribe to use any  
22 federal funds received under sub. (2) (a) for any purpose, the department shall  
23 request the necessary waiver from the secretary of the federal department of health  
24 and human services and may not implement the incentive program under sub. (2)  
25 (a) unless the waiver is granted.

**ASSEMBLY BILL 232**

1 (b) If the department of health services determines that it needs a waiver to  
2 allow reward payments under sub. (2) (b) to qualify as administrative costs involved  
3 in the operation of the food stamp program or to allow a county and tribe to use any  
4 federal funds received under sub. (2) (b) for any purpose, the department shall  
5 request the necessary waiver from the secretary of the federal department of  
6 agriculture and may not implement the incentive program under sub. (2) (b) unless  
7 the waiver is granted.

8 (c) If the department of children and families determines that it needs a waiver  
9 to allow reward payments under sub. (3) to qualify as state expenditures for purposes  
10 of determining whether the state is maintaining a certain level of historic support  
11 under the temporary assistance for needy families program under 42 USC 601 to 619  
12 or to allow a county and tribe to use any federal funds received under sub. (3) for any  
13 purpose, the department shall request the necessary waiver from the secretary of the  
14 federal health and human services and may not implement the incentive program  
15 under sub. (3) unless the waiver is granted.

16 (END)

d-note  
↓



**2013-2014 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBs0088/P1ins2  
FFK:.....

INS 

X

1           **SECTION 1.** 20.437 (2) (dz) of the statutes, as affected by 2013 Wisconsin Act 20,  
2 is amended to read:

3           20.437 (2) (dz) *Temporary Assistance for Needy Families programs;*  
4 *maintenance of effort.* The amounts in the schedule for administration and benefit  
5 payments under Wisconsin Works under ss. 49.141 to 49.161, the learnfare program  
6 under s. 49.26, and the work experience program for noncustodial parents under s.  
7 49.36; for payments to local governments, organizations, tribal governing bodies,  
8 and Wisconsin Works agencies; for kinship care and long-term kinship care  
9 assistance as specified under s. 49.175 (1) (s); for reward payments under 49.846 (3);  
10 and for emergency assistance for families with needy children under s. 49.138.  
11 Payments may be made from this appropriation account for any contracts under s.  
12 49.845 (4) and for any fraud investigation and error reduction activities under s.  
13 49.197 (1m). Moneys appropriated under this paragraph may be used to match  
14 federal funds received under par. (md). Notwithstanding ss. 20.001 (3) (a) and 20.002  
15 (1), the department may transfer funds between fiscal years under this paragraph.  
16 Notwithstanding ss. 20.001 (3) and 20.002 (1), the department of health services  
17 shall credit to this appropriation account funds for the purposes of this appropriation  
18 that the department transfers from the appropriation account under s. 20.435 (5)  
19 (bc). All funds allocated by the department but not encumbered by December 31 of  
20 each year lapse to the general fund on the next January 1 unless transferred to the  
21 next calendar year by the joint committee on finance.

History: 2013 a. 20.

(End Ins 4-7)

2013-2014 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRBs0088ins  
FFK:.....

ANALYSIS INS 1

NO  
\* and the county or tribe determines the fraudulent activity occurred, establishes a claim for any overpaid benefits related to the fraudulent activity, and, if directed by DHS, criminally prosecutes the fraudulent activity.

END ANALYSIS INS 1

ANALYSIS INS 2

NO  
\* The bill does not change a county or tribe's eligibility to retain a recovered overpayment that was made as the result of an error. a recipient's

END ANALYSIS INS 2

INS 2-1

1 SECTION 1. 20.435 (4) (b) of the statutes is amended to read:

2 20.435 (4) (b) *Medical Assistance program; benefits and reward payments for*  
3 *identifying fraud.* Biennially, the amounts in the schedule to provide a portion of the  
4 state share of Medical Assistance program benefits administered under subch. IV of  
5 ch. 49, for a portion of the Badger Care health care program under s. 49.665, to  
6 provide a portion of the Medical Assistance program benefits administered under  
7 subch. IV of ch. 49 that are not also provided under par. (o), to fund the pilot project  
8 under s. 46.27 (9) and (10), to provide a portion of the facility payments under 1999  
9 Wisconsin Act 9, section 9123 (9m), to fund services provided by resource centers  
10 under s. 46.283, for services under the family care benefit under s. 46.284 (5), for  
11 assisting victims of diseases, as provided in ss. 49.68, 49.683, and 49.685, for reward  
12 payments under s. 49.846 (2) (a), and for reduction of any operating deficits as  
13 specified in 2005 Wisconsin Act 15, section 3. Notwithstanding s. 20.002 (1), the  
14 department may transfer from this appropriation account to the appropriation  
15 account under sub. (5) (kc) funds in the amount of and for the purposes specified in

plain

for distributing grants under s. 146.64,

s. 46.485. Notwithstanding ss. 20.001 (3) (b) and 20.002 (1), the department may credit or deposit into this appropriation account and may transfer between fiscal years funds that it transfers from the appropriation account under sub. (5) (kc) for the purposes specified in s. 46.485 (3r). Notwithstanding s. 20.002 (1), the department may transfer from this appropriation account to the appropriation account under sub. (7) (bd) funds in the amount and for the purposes specified in s. 49.45 (6v).

(end ins 2-1)

**History:** 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 153 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105; 2003 a. 33, 139, 186, 318, 320, 326, 327; 2005 a. 15, 22; 2005 a. 25 ss. 299 to 331, 2498 to 2500, 2510; 2005 a. 74, 107, 199, 228, 264, 388, 406, 434; 2007 a. 20 ss. 331 to 422, 9121 (6) (a); 2007 a. 39, 88, 107, 111, 130; 2009 a. 2, 15; 2009 a. 28 ss. 325 to 470, 485, 488, 490; 2009 a. 76, 180, 190, 219, 274, 276, 279, 318, 334; 2011 a. 32, 70, 257; s. 35.17 correction in (4) (gr), (5) (ma).

END INS 2-1

INS 6-9

(2) PUBLIC ASSISTANCE PROGRAMS ADMINISTERED BY THE DEPARTMENT OF HEALTH SERVICES. (a) *Medical Assistance program.* 1. The department of health services shall establish an optional incentive program, by rule, under which the department will provide a reward payment to a county or tribe if an employee or officer of the county or tribe identifies fraudulent activity in the Medical Assistance program and the county or tribe does all of the following:

a. Investigates the identified fraudulent activity and determines that fraud occurred.

b. Establishes a claim for any overpaid benefits related to the identified fraudulent activity.

\*\*\*\*NOTE: What do you mean by "establish a claim?" It would be helpful if DHS could describe how the county establishes claims under current law. This question also applies to par. (b).



1 c. Pursues criminal prosecution for the identified fraudulent activity if directed  
2 to do so by the department of health services.✓

3 2. The department of health services shall establish the optional incentive  
4 program to include all of the following:✓

5 a. That, for identifying fraudulent activity, a county or tribe shall choose to  
6 receive a reward payment in the amount determined under subd. 2. b.✓ or to retain  
7 funds under s. 49.49 (5)✓ or 49.497 (2) (a).✓

8 b. That the amount of a reward payment to a county or tribe under the program  
9 is equal to 20 percent✓ of the amount that the department determines will be saved  
10 in the Medical Assistance✓ program as the result of eliminating the identified  
11 fraudulent activity during the 12-month✓ period after the fraudulent activity is  
12 eliminated. Notwithstanding ss. 49.49 (5)✓ and 49.497 (2) (a),✓ a county or tribe that  
13 receives a reward payment may not retain any funds that are incorrectly paid as the  
14 result of the identified fraudulent activity and recovered due to the efforts of an  
15 employee or officer of the county or tribe.✓

16 3. Nothing in subd. (2)✓ prohibits a county or tribe from retaining funds under  
17 49.497 (2) (a)✓ that are incorrectly paid as the result of a recipient's error rather than  
18 fraud.

19 4. The department of health services may make reward payments under the  
20 optional incentive program from the appropriations under s. 20.435 (4) (b),✓ (bm),✓ (L),  
21 (nn),✓ and (pa).✓

22 (b) *Food stamp program*.✓ 1. The department of health services✓ shall establish  
23 an optional incentive program, by rule, under which the department will provide a  
24 reward payment to a county or tribe if an employee or officer of the county or tribe



1 identifies fraudulent activity in the food stamp program and the county or tribe does  
2 all of the following:

3 a. Investigates the identified fraudulent activity and determines that fraud  
4 occurred.✓

5 b. Establishes a claim for any overpaid benefits related to the identified  
6 fraudulent activity.✓

7 c. Pursues criminal prosecution for the identified fraudulent activity if directed  
8 to do so by the department of health services.✓

9 2. The department shall establish the optional incentive program to include all  
10 of the following:

11 a. That, for identifying fraudulent activity, a county or tribe shall choose to  
12 receive a reward payment in the amount determined under subd. 2. b.✓ or to retain  
13 funds under s. 49.793 (2) (a).✓

14 b. That the amount of a reward payment to a county or tribe is equal to✓20  
15 percent of the amount that the department determines will be saved in the food  
16 stamp program✓ as the result of eliminating the identified fraudulent activity during  
17 the 12-month period✓ after the fraudulent activity is eliminated. Notwithstanding  
18 s. 49.793 (2) (a),✓ a county or tribe that receives a reward payment may not retain any  
19 funds that are incorrectly paid as the result of the identified fraudulent activity and  
20 recovered due to the efforts of an employee or officer of the county or tribe.

21 3. Nothing in subd. 2.✓ prohibits a county or tribe from retaining funds under  
22 49.497 (2) (a) that are incorrectly paid as the result of a recipient's error rather than  
23 fraud.



1           <sup>4.</sup>  
2           3. The department of health services may make reward payments under the  
3           optional incentive program from the appropriations under s. 20.435 (4) (bm), (L),  
4           (nn), and (pa).

END INS 6-9

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

date

LRBs0088<sup>1/PI</sup>  
FFK:.....

Jld

To Kirsten:

\* This substitute amendment only makes changes to the incentive programs created by the department of health services. Please let me know if you would like to make similar changes to the incentive program created by the department of children and families (DCF). Specifically, as drafted, a county or tribe is not required to take steps to prosecute the identified fraud in order to qualify for a reward under the DCF incentive program. \*

Fern Knepp  
Legislative Attorney  
Phone: (608) 261-6927  
E-mail: fern.knepp@legis.wisconsin.gov

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBs0088/P1dn  
FFK:jld:jm

July 10, 2013

To Kirsten:

This substitute amendment only makes changes to the incentive programs created by the Department of Health Services. Please let me know if you would like to make similar changes to the incentive program created by the Department of Children and Families (DCF). Specifically, as drafted, a county or tribe is not required to take steps to prosecute the identified fraud in order to qualify for a reward under the DCF incentive program.

Fern Knepp  
Legislative Attorney  
Phone: (608) 261-6927  
E-mail: fern.knepp@legis.wisconsin.gov



## Knepp, Fern

---

**From:** Reader, Kirsten  
**Sent:** Thursday, July 18, 2013 9:47 AM  
**To:** Knepp, Fern  
**Subject:** LRBs0088/P1 to AB 232

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Hi, Fern:

Per your drafter's note on the county rewards amendment, we would like to have it drafted to include DCF with the changes made to DHS.

Please keep it as a preliminary for the time being, there might be some more changes.

Thanks!

Kirsten Reader  
Research Assistant  
Office of Representative Chad Weininger  
125 West, State Capitol  
608-266-5840 / [Kirsten.Reader@legis.wisconsin.gov](mailto:Kirsten.Reader@legis.wisconsin.gov)



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRBs0088/P1

FFK:jld:im

In 7-19-13

by 8/2/13

P2  
P RMR

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**ASSEMBLY SUBSTITUTE AMENDMENT ,**  
**TO ASSEMBLY BILL 232**

522  
xref

gen cat

1 AN ACT *to amend* 20.435 (4) (b), 20.435 (4) (bm), 20.435 (4) (L), 20.435 (4) (nn),  
2 20.435 (4) (pa), 20.437 (2) (dz), 20.437 (2) (L) and 49.793 (2) (a); and *to create*  
3 49.846 of the statutes; **relating to:** an optional incentive program for counties  
4 and tribes that identify fraudulent activity in certain public assistance  
5 programs, granting rule-making authority, and making appropriations.

***Analysis by the Legislative Reference Bureau***

Under current law, a county or elected governing body of a federally recognized American Indian tribe or band (county or tribe) may retain a portion of incorrect overpayments in public assistance programs administered by the Department of Health Services (DHS), including Medical Assistance and the supplemental nutrition assistance program (known as FoodShare in Wisconsin), that are recovered as the result of the efforts of an employee or officer of the county or tribe. Currently, DHS establishes by rule the portion of FoodShare overpayment recoveries that a county or tribe may retain. Under the substitute amendment, a county or tribe may retain the full amount of FoodShare overpayment recoveries that the state is permitted to retain under federal law. Current law also allows a county or tribe to

\* retain a portion of incorrect overpayments that are recovered in <sup>the</sup> Wisconsin Works program as the result of the efforts of an employee or officer of the county or tribe. Under current law, Milwaukee County may not retain a portion of incorrect payments that are recovered as a result of the efforts of an employee or officer of the county.

Under the substitute amendment, DHS is required to establish an optional incentive program, by rule, under which a county with a population of less than 750,000 or tribe receives a reward payment if an employee or officer of the county or tribe identifies fraudulent activity in Medical Assistance or FoodShare and the county or tribe determines the fraudulent activity occurred, establishes a claim for any overpaid benefits related to the fraudulent activity, and, if directed by DHS, criminally prosecutes the fraudulent activity. Under the substitute amendment, the amount of the reward payment under the program is 20 percent of the amount that DHS determines will be saved in the program over a 12-month period as the result of eliminating the identified fraudulent activity. The substitute amendment also provides that, if a county or tribe receives a reward payment under the optional incentive program, the county or tribe may not retain recovered overpayments that were made as the result of the identified fraudulent activity. The substitute amendment does not change a county or tribe's eligibility to retain a recovered overpayment that was made as the result of a recipient's error. Under the substitute amendment, the Department of Children and Families is required to establish a

\* similar incentive program, by rule, that applies to fraudulent activity in <sup>the</sup> Wisconsin Works program that is identified by an employee or officer of a county or tribe.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

\*

1           SECTION 1. 20.435 (4) (b) of the statutes, as affected by 2013 Wisconsin Act 20,  
2 is amended to read:

3           20.435 (4) (b) *Medical Assistance program; benefits and reward payments for*  
4 *identifying fraud*. Biennially, the amounts in the schedule to provide a portion of the  
5 state share of Medical Assistance program benefits administered under subch. IV of  
6 ch. 49, for a portion of the Badger Care health care program under s. 49.665, to  
7 provide a portion of the Medical Assistance program benefits administered under  
8 subch. IV of ch. 49 that are not also provided under par. (o), to fund the pilot project  
9 under s. 46.27 (9) and (10), to provide a portion of the facility payments under 1999  
10 Wisconsin Act 9, section 9123 (9m), to fund services provided by resource centers

1 under s. 46.283, for services under the family care benefit under s. 46.284 (5), for  
2 assisting victims of diseases, as provided in ss. 49.68, 49.683, and 49.685, for  
3 distributing grants under s. 146.64, for reward payments under s. 49.846 (2) (a), and  
4 for reduction of any operating deficits as specified in 2005 Wisconsin Act 15, section  
5 3. Notwithstanding s. 20.002 (1), the department may transfer from this  
6 appropriation account to the appropriation account under sub. (5) (kc) funds in the  
7 amount of and for the purposes specified in s. 46.485. Notwithstanding ss. 20.001  
8 (3) (b) and 20.002 (1), the department may credit or deposit into this appropriation  
9 account and may transfer between fiscal years funds that it transfers from the  
10 appropriation account under sub. (5) (kc) for the purposes specified in s. 46.485 (3r).  
11 Notwithstanding s. 20.002 (1), the department may transfer from this appropriation  
12 account to the appropriation account under sub. (7) (bd) funds in the amount and for  
13 the purposes specified in s. 49.45 (6v).

14 **SECTION 2.** 20.435 (4) (bm) of the statutes is amended to read:

15 20.435 (4) (bm) *Medical Assistance, food stamps, and Badger Care*  
16 *administration; contract costs, insurer reports, and resource centers.* Biennially, the  
17 amounts in the schedule to provide a portion of the state share of administrative  
18 contract costs for the Medical Assistance program under subch. IV of ch. 49 and the  
19 Badger Care health care program under s. 49.665 and to provide the state share of  
20 administrative costs for the food stamp program under s. 49.79, other than payments  
21 under s. 49.78 (8), for reward payments under s. 49.846 (2), to develop and implement  
22 a registry of recipient immunizations, to reimburse 3rd parties for their costs under  
23 s. 49.475, for costs associated with outreach activities, for state administration of  
24 state supplemental grants to supplemental security income recipients under s.  
25 49.77, to administer the pharmacy benefits purchasing pool under s. 146.45, and for

1 services of resource centers under s. 46.283. No state positions may be funded in the  
2 department of health services from this appropriation, except positions for the  
3 performance of duties under a contract in effect before January 1, 1987, related to  
4 the administration of the Medical Assistance program between the subunit of the  
5 department primarily responsible for administering the Medical Assistance  
6 program and another subunit of the department. Total administrative funding  
7 authorized for the program under s. 49.665 may not exceed 10% of the amounts  
8 budgeted under pars. (p) and (x).

9 <sup>x</sup>  
**SECTION 3.** 20.435 (4) (L) of the statutes is amended to read:

10 20.435 (4) (L) *Fraud and error reduction.* All moneys received as the state's  
11 share of the recovery of overpayments and incorrect payments under ss. 49.497 (1)  
12 and (1m), 49.793 (2) (a), and 49.847, all moneys received from counties and tribal  
13 governing bodies as a result of any error reduction activities under ss. 49.197 and  
14 49.845, and all moneys credited to this appropriation account under ss. 49.497 (2) (b),  
15 49.793 (2) (b), and 49.847 (3) (b), for any contracts under s. 49.197 (5), for any  
16 activities to reduce error and fraud under s. 49.845, to pay federal sanctions under  
17 the food stamp program, for reward payments under 49.846 (2), and for food stamp  
18 reinvestment activities under reinvestment agreements with the federal  
19 department of agriculture that are designed to improve the food stamp program.

20 <sup>x</sup>  
**SECTION 4.** 20.435 (4) (nn) of the statutes is amended to read:

21 20.435 (4) (nn) *Federal aid; income maintenance.* All moneys received from the  
22 federal government for the costs of contracting for the administration of the Medical  
23 Assistance program under subch. IV of ch. 49 and the Badger Care health care  
24 program under s. 49.665 and the food stamp program, other than moneys received

1 under par. (pa), for costs to administer income maintenance programs, as defined in  
2 s. 49.78 (1) (b), and for reward payments under 49.846 (2).

3 SECTION 5. 20.435 (4) (pa) of the statutes, as affected by 2013 Wisconsin Act 20,  
4 is amended to read:

5 20.435 (4) (pa) *Federal aid; Medical Assistance and food stamp contracts*  
6 *administration.* All federal moneys received for the federal share of the cost of  
7 contracting for payment and services administration and reporting, other than  
8 moneys received under pars. (nn) and (np), to reimburse 3rd parties for their costs  
9 under s. 49.475, for administrative contract costs for the food stamp program under  
10 s. 49.79, for reward payments under s. 49.846 (2), and for services of resource centers  
11 under s. 46.283.

12 SECTION 6. 20.437 (2) (dz) of the statutes, as affected by 2013 Wisconsin Act 20,  
13 is amended to read:

14 20.437 (2) (dz) *Temporary Assistance for Needy Families programs;*  
15 *maintenance of effort.* The amounts in the schedule for administration and benefit  
16 payments under Wisconsin Works under ss. 49.141 to 49.161, the learnfare program  
17 under s. 49.26, and the work experience program for noncustodial parents under s.  
18 49.36; for payments to local governments, organizations, tribal governing bodies,  
19 and Wisconsin Works agencies; for kinship care and long-term kinship care  
20 assistance as specified under s. 49.175 (1) (s); for reward payments under 49.846 (3);  
21 and for emergency assistance for families with needy children under s. 49.138.  
22 Payments may be made from this appropriation account for any contracts under s.  
23 49.845 (4) and for any fraud investigation and error reduction activities under s.  
24 49.197 (1m). Moneys appropriated under this paragraph may be used to match  
25 federal funds received under par. (md). Notwithstanding ss. 20.001 (3) (a) and 20.002

(1), the department may transfer funds between fiscal years under this paragraph. Notwithstanding ss. 20.001 (3) and 20.002 (1), the department of health services shall credit to this appropriation account funds for the purposes of this appropriation that the department transfers from the appropriation account under s. 20.435 (5) (bc). All funds allocated by the department but not encumbered by December 31 of each year lapse to the general fund on the next January 1 unless transferred to the next calendar year by the joint committee on finance.

<sup>x</sup>  
**SECTION 7.** 20.437 (2) (L) of the statutes is amended to read:

20.437 (2) (L) *Public assistance overpayment recovery, fraud investigation, and error reduction.* All moneys received as the state's share of the recovery of overpayments and incorrect payments under s. 49.191 (3) (c), 1997 stats., and s. 49.195, 1997 stats., for any contracts under s. 49.845 (4), for any activities under s. 49.197 (1m) to investigate fraud relating to the Aid to Families with Dependent Children program and the Wisconsin Works program, for any activities under s. 49.197 (3) to reduce payment errors in the Wisconsin Works program, for reward payments under s. 49.849 (3), and for costs associated with collection of public assistance overpayments.

<sup>y</sup>  
**SECTION 8.** 49.793 (2) (a) of the statutes is amended to read:

49.793 (2) (a) Except as provided in par. (b), a county, multicounty consortium, as defined in s. 49.78 (1) (br), or governing body of a federally recognized American Indian tribe may retain ~~a portion of the~~ full amount of an overpayment the state is authorized to retain under 7 USC 2025 that is recovered under sub. (1) due to the efforts of an employee or officer of the county, multicounty consortium, or tribe. ~~The department shall promulgate a rule establishing the portion of the amount of the overpayment that the county, multicounty consortium, or governing body may~~

1 ~~retain.~~ This paragraph does not apply to recovery of an overpayment that was made  
2 as a result of state, county, multicounty consortium, or tribal governing body error.

3 **SECTION 9.** 49.846<sup>\*</sup> of the statutes is created to read:

4 **49.846 Optional incentive program for counties and tribes that**  
5 **identify fraud in certain public assistance programs. (1) DEFINITIONS.** In this  
6 section:

7 (a) "County or tribe" means a county having a population of less than 750,000  
8 or a federally recognized American Indian tribe or band in this state.

9 (b) "Food stamp program" means the federal food stamp program under 7 USC  
10 2011 to 2036a.

11 (c) "Medical Assistance program" means the program under subch. IV.

12 (d) "Wisconsin Works" has the meaning given in s. 49.141 (1) (p).

13 **(2) PUBLIC ASSISTANCE PROGRAMS ADMINISTERED BY THE DEPARTMENT OF HEALTH**  
14 **SERVICES. (a) *Medical Assistance program.*** 1. The department of health services shall  
15 establish an optional incentive program, by rule, under which the department will  
16 provide a reward payment to a county or tribe if an employee or officer of the county  
17 or tribe identifies fraudulent activity in the Medical Assistance program and the  
18 county or tribe does all of the following:

19 a. Investigates the identified fraudulent activity and determines that fraud  
20 occurred.

21 b. Establishes a claim for any overpaid benefits related to the identified  
22 fraudulent activity.

\*\*\*\*NOTE: What do you mean by "establish a claim?" It would be helpful if DHS  
could describe how the county establishes claims under current law. This question also  
applies to par. (b) *and sub. (3) (a) 2.*

*(3) (a) 2.*

\*



1 c. Pursues criminal prosecution for the identified fraudulent activity if directed  
2 to do so by the department of health services.

3 2. The department of health services shall establish the optional incentive  
4 program to include all of the following:

5 a. That, for identifying fraudulent activity, a county or tribe shall choose to  
6 receive a reward payment in the amount determined under subd. 2. b. or to retain  
7 funds under s. 49.49 (5) or 49.497 (2) (a).

8 b. That the amount of a reward payment to a county or tribe under the program  
9 is equal to 20 percent of the amount that the department determines will be saved  
10 in the Medical Assistance program as the result of eliminating the identified  
11 fraudulent activity during the 12-month period after the fraudulent activity is  
12 eliminated. Notwithstanding ss. 49.49 (5) and 49.497 (2) (a), a county or tribe that  
13 receives a reward payment may not retain any funds that are incorrectly paid as the  
14 result of the identified fraudulent activity and recovered due to the efforts of an  
15 employee or officer of the county or tribe.

16 3. Nothing in subd. 2. prohibits a county or tribe from retaining funds under  
17 49.497 (2) (a) that are incorrectly paid as the result of a recipient's error rather than  
18 fraud.

19 4. The department of health services may make reward payments under the  
20 optional incentive program from the appropriations under s. 20.435 (4) (b), (bm), (L),  
21 (nn), and (pa).

22 (b) *Food stamp program.* 1. The department of health services shall establish  
23 an optional incentive program, by rule, under which the department will provide a  
24 reward payment to a county or tribe if an employee or officer of the county or tribe

1 identifies fraudulent activity in the food stamp program and the county or tribe does  
2 all of the following:

3 a. Investigates the identified fraudulent activity and determines that fraud  
4 occurred.

5 b. Establishes a claim for any overpaid benefits related to the identified  
6 fraudulent activity.

7 c. Pursues criminal prosecution for the identified fraudulent activity if directed  
8 to do so by the department of health services.

9 2. The department shall establish the optional incentive program to include all  
10 of the following:

11 a. That, for identifying fraudulent activity, a county or tribe shall choose to  
12 receive a reward payment in the amount determined under subd. 2. b. or to retain  
13 funds under s. 49.793 (2) (a).

14 b. That the amount of a reward payment to a county or tribe is equal to 20  
15 percent of the amount that the department determines will be saved in the food  
16 stamp program as the result of eliminating the identified fraudulent activity during  
17 the 12-month period after the fraudulent activity is eliminated. Notwithstanding  
18 s. 49.793 (2) (a), a county or tribe that receives a reward payment may not retain any  
19 funds that are incorrectly paid as the result of the identified fraudulent activity and  
20 recovered due to the efforts of an employee or officer of the county or tribe.

21 3. Nothing in subd. 2. prohibits a county or tribe from retaining funds under  
22 <sup>s. 49.793</sup>  
49.497 (2) (a) that are incorrectly paid as the result of a recipient's error rather than  
23 fraud.

1           4. The department of health services may make reward payments under the  
2 optional incentive program from the appropriations under s. 20.435 (4) (bm), (L),  
3 (nn), and (pa).

4           (3) PUBLIC ASSISTANCE PROGRAM ADMINISTERED BY THE DEPARTMENT OF CHILDREN  
5 AND FAMILIES; WISCONSIN WORKS. The department of children and families shall

6 establish an optional incentive program, by rule, under which the department will  
7 provide a reward payment to a county or tribe if an employee or officer of the county

8 or tribe identifies fraudulent activity in Wisconsin Works. <sup>and the county or tribe</sup> The department of <sup>does all</sup>

9 children and families may make reward payments under the optional incentive <sup>of the</sup>  
10 program from the appropriation <sup>following:</sup> under s. 20.437 (2) (dz), (L), and (mc). <sup>(b)</sup> The

11 department of children and families shall establish the optional incentive program

12 to include all of the following:

13 1. (a) That <sup>for identifying fraudulent activity,</sup> a county or tribe shall choose to receive a reward payment in the  
14 amount determined under <sup>subd. 2.</sup> par. (b), to receive a reward under the incentive program  
15 under s. 49.197 (2), or to retain funds under s. 49.195 (4).

16 2. (b) That the amount of a reward payment paid to a county or tribe <sup>under the program</sup> is equal to

17 20 percent of the amount that the department determines will be saved in Wisconsin

18 Works as the result of eliminating the identified fraudulent activity during the

19 12-month period after the identified fraudulent activity is eliminated.

20 Notwithstanding ss. 49.195 (4) and 49.197 (2), a county or tribe that receives a

21 reward payment may not retain any funds that are incorrectly paid as the result of

22 the identified fraudulent activity and recovered due to the efforts of an employee or

23 officer of the county or tribe and may not receive a reward payment under s. 49.197

24 (2).

Ins.  
10-24

Ins  
10-8

(4) **USE OF REWARD PAYMENT.** A county or tribe may use a reward payment received under this section for any purpose.

(5) WAIVERS. (a) If the department of health services determines that it needs a waiver to allow reward payments under sub. (2) (a) to qualify as administrative costs for the Medical Assistance program or to allow a county and tribe to use any federal funds received under sub. (2) (a) for any purpose, the department shall request the necessary waiver from the secretary of the federal department of health and human services and may not implement the incentive program under sub. (2) (a) unless the waiver is granted.

(b) If the department of health services determines that it needs a waiver to allow reward payments under sub. (2) (b) to qualify as administrative costs involved in the operation of the food stamp program or to allow a county and tribe to use any federal funds received under sub. (2) (b) for any purpose, the department shall request the necessary waiver from the secretary of the federal department of agriculture and may not implement the incentive program under sub. (2) (b) unless the waiver is granted.

(c) If the department of children and families determines that it needs a waiver to allow reward payments under sub. (3) to qualify as state expenditures for purposes of determining whether the state is maintaining a certain level of historic support under the temporary assistance for needy families program under 42 USC 601 to 619 or to allow a county and tribe to use any federal funds received under sub. (3) for any purpose, the department shall request the necessary waiver from the secretary of the federal health and human services and may not implement the incentive program under sub. (3) unless the waiver is granted.

**(END)**

**2013-2014 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBs0088/P2  
FFK:.....

**INS 10-8**

1           1. Investigates the identified fraudulent activity and determines that fraud  
2 occurred.

3           2. Establishes a claim for any overpaid benefits related to the identified  
4 fraudulent activity.

5           3. Pursues criminal prosecution for the identified fraudulent activity if directed  
6 to do so by the department of children and families.

**END INS 10-8**

**INS 10-24**

7           (c) Nothing in par. (b) prohibits a county or tribe from retaining funds under  
8 s. 49.195 (4) that are incorrectly paid as the result of a participant's error rather than  
9 fraud.

10          (d) [Insert A from p. 10]

**END INS 10-24**

## Knepp, Fern

---

**From:** Zikmund, Alison  
**Sent:** Tuesday, February 18, 2014 9:55 AM  
**To:** Knepp, Fern  
**Subject:** RE: sub for AB 232

A "/1" please. And thanks. Rep. Weininger wants this bill only to apply to DHS.

Alison Zikmund  
Office of Rep. Chad Weininger  
(608) 266-1184

---

**From:** Knepp, Fern  
**Sent:** Tuesday, February 18, 2014 9:53 AM  
**To:** Zikmund, Alison  
**Subject:** RE: sub for AB 232

Yes. I will need to remove the language related to DCF from the sub to accomplish that intent. Do you want that as a /P3 or a /1?

---

**From:** Zikmund, Alison  
**Sent:** Tuesday, February 18, 2014 9:52 AM  
**To:** Knepp, Fern  
**Subject:** RE: sub for AB 232

We want to remove DCF from the bill. Would that require a redraft of the sub?

Alison Zikmund  
Office of Rep. Chad Weininger  
(608) 266-1184

---

**From:** Knepp, Fern  
**Sent:** Tuesday, February 18, 2014 9:51 AM  
**To:** Zikmund, Alison  
**Subject:** RE: sub for AB 232

Do you want to keep the DCF language in the sub? I believe the last we spoke about AB 232 there were questions about how the program may work for W-2.

Thanks,  
Fern

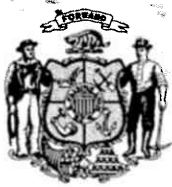
---

**From:** Zikmund, Alison  
**Sent:** Tuesday, February 18, 2014 9:42 AM  
**To:** Knepp, Fern  
**Subject:** sub for AB 232

Fern,  
Will you please draft LRBs0088/P2 as an introducible version and send us the jacket, please? Thanks!

Alison Zikmund

Office of Rep. Chad Weininger  
(608) 266-1184



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRBs0088/P2  
FFK:jld:ph

In 2-18

*[Signature]*

1  
RMR

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~  
ASSEMBLY SUBSTITUTE AMENDMENT,  
TO ASSEMBLY BILL 232

due  
TODAY

✓  
Regen

1 AN ACT *to amend* 20.435 (4) (b), 20.435 (4) (bm), 20.435 (4) (L), 20.435 (4) (nn),  
2 20.435 (4) (pa), 20.437 (2) (dz), 20.437 (2) (L) and 49.793 (2) (a); and *to create*  
3 49.846 of the statutes; **relating to:** an optional incentive program for counties  
4 and tribes that identify fraudulent activity in certain public assistance  
5 programs, granting rule-making authority, and making appropriations. ✓

---

***Analysis by the Legislative Reference Bureau***

Under current law, a county or elected governing body of a federally recognized American Indian tribe or band (county or tribe) may retain a portion of incorrect overpayments in public assistance programs administered by the Department of Health Services (DHS), including Medical Assistance and the supplemental nutrition assistance program (known as FoodShare in Wisconsin), that are recovered as the result of the efforts of an employee or officer of the county or tribe. Currently, DHS establishes by rule the portion of FoodShare overpayment recoveries that a county or tribe may retain. Under the substitute amendment, a county or tribe may retain the full amount of FoodShare overpayment recoveries that the state is permitted to retain under federal law. Current law also allows a county or tribe to



retain a portion of incorrect overpayments that are recovered in the Wisconsin Works program as the result of the efforts of an employee or officer of the county or tribe. Under current law, Milwaukee County may not retain a portion of incorrect payments that are recovered as a result of the efforts of an employee or officer of the county.

Under the substitute amendment, DHS is required to establish an optional incentive program, by rule, under which a county with a population of less than 750,000 or tribe receives a reward payment if an employee or officer of the county or tribe identifies fraudulent activity in Medical Assistance or FoodShare and the county or tribe determines the fraudulent activity occurred, establishes a claim for any overpaid benefits related to the fraudulent activity, and, if directed by DHS, criminally prosecutes the fraudulent activity. Under the substitute amendment, the amount of the reward payment under the program is 20 percent of the amount that DHS determines will be saved in the program over a 12-month period as the result of eliminating the identified fraudulent activity. The substitute amendment also provides that, if a county or tribe receives a reward payment under the optional incentive program, the county or tribe may not retain recovered overpayments that were made as the result of the identified fraudulent activity. The substitute amendment does not change a county or tribe's eligibility to retain a recovered overpayment that was made as the result of a recipient's error. Under the substitute amendment, the Department of Children and Families is required to establish a similar incentive program, by rule, that applies to fraudulent activity in the Wisconsin Works program that is identified by an employee or officer of a county or tribe.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           SECTION 1. 20.435 (4) (b) of the statutes, as affected by 2013 Wisconsin Act 20,  
2 is amended to read:

3           20.435 (4) (b) *Medical Assistance program; benefits and reward payments for*  
4 *identifying fraud*. Biennially, the amounts in the schedule to provide a portion of the  
5 state share of Medical Assistance program benefits administered under subch. IV of  
6 ch. 49, for a portion of the Badger Care health care program under s. 49.665, to  
7 provide a portion of the Medical Assistance program benefits administered under  
8 subch. IV of ch. 49 that are not also provided under par. (o), to fund the pilot project  
9 under s. 46.27 (9) and (10), to provide a portion of the facility payments under 1999

1 Wisconsin Act 9, section 9123 (9m), to fund services provided by resource centers  
2 under s. 46.283, for services under the family care benefit under s. 46.284 (5), for  
3 assisting victims of diseases, as provided in ss. 49.68, 49.683, and 49.685, for  
4 distributing grants under s. 146.64, for reward payments under s. 49.846 (2) (a), and  
5 for reduction of any operating deficits as specified in 2005 Wisconsin Act 15, section  
6 3. Notwithstanding s. 20.002 (1), the department may transfer from this  
7 appropriation account to the appropriation account under sub. (5) (kc) funds in the  
8 amount of and for the purposes specified in s. 46.485. Notwithstanding ss. 20.001  
9 (3) (b) and 20.002 (1), the department may credit or deposit into this appropriation  
10 account and may transfer between fiscal years funds that it transfers from the  
11 appropriation account under sub. (5) (kc) for the purposes specified in s. 46.485 (3r).  
12 Notwithstanding s. 20.002 (1), the department may transfer from this appropriation  
13 account to the appropriation account under sub. (7) (bd) funds in the amount and for  
14 the purposes specified in s. 49.45 (6v).

15 **SECTION 2.** 20.435 (4) (bm) of the statutes is amended to read:

16 20.435 (4) (bm) *Medical Assistance, food stamps, and Badger Care*  
17 *administration; contract costs, insurer reports, and resource centers.* Biennially, the  
18 amounts in the schedule to provide a portion of the state share of administrative  
19 contract costs for the Medical Assistance program under subch. IV of ch. 49 and the  
20 Badger Care health care program under s. 49.665 and to provide the state share of  
21 administrative costs for the food stamp program under s. 49.79, other than payments  
22 under s. 49.78 (8), for reward payments under s. 49.846 (2) and (3), to develop and implement  
23 a registry of recipient immunizations, to reimburse 3rd parties for their costs under  
24 s. 49.475, for costs associated with outreach activities, for state administration of  
25 state supplemental grants to supplemental security income recipients under s.

49.77, to administer the pharmacy benefits purchasing pool under s. 146.45, and for services of resource centers under s. 46.283. No state positions may be funded in the department of health services from this appropriation, except positions for the performance of duties under a contract in effect before January 1, 1987, related to the administration of the Medical Assistance program between the subunit of the department primarily responsible for administering the Medical Assistance program and another subunit of the department. Total administrative funding authorized for the program under s. 49.665 may not exceed 10% of the amounts budgeted under pars. (p) and (x).

**SECTION 3.** 20.435 (4) (L) of the statutes is amended to read:

20.435 (4) (L) *Fraud and error reduction.* All moneys received as the state's share of the recovery of overpayments and incorrect payments under ss. 49.497 (1) and (1m), 49.793 (2) (a), and 49.847, all moneys received from counties and tribal governing bodies as a result of any error reduction activities under ss. 49.197 and 49.845, and all moneys credited to this appropriation account under ss. 49.497 (2) (b), 49.793 (2) (b), and 49.847 (3) (b), for any contracts under s. 49.197 (5), for any activities to reduce error and fraud under s. 49.845, to pay federal sanctions under the food stamp program, for reward payments under 49.846 (2) and <sup>and (3)</sup> for food stamp reinvestment activities under reinvestment agreements with the federal department of agriculture that are designed to improve the food stamp program.

**SECTION 4.** 20.435 (4) (nn) of the statutes is amended to read:

20.435 (4) (nn) *Federal aid; income maintenance.* All moneys received from the federal government for the costs of contracting for the administration of the Medical Assistance program under subch. IV of ch. 49 and the Badger Care health care program under s. 49.665 and the food stamp program, other than moneys received

1 under par. (pa), for costs to administer income maintenance programs, as defined in  
2 s. 49.78 (1) (b), and for reward payments under 49.846 (2) and (3) ✓

3 **SECTION 5.** 20.435 (4) (pa) ✓ of the statutes, as affected by 2013 Wisconsin Act 20,  
4 is amended to read:

5 20.435 (4) (pa) *Federal aid; Medical Assistance and food stamp contracts*  
6 *administration.* All federal moneys received for the federal share of the cost of  
7 contracting for payment and services administration and reporting, other than  
8 moneys received under pars. (nn) and (np), to reimburse 3rd parties for their costs  
9 under s. 49.475, for administrative contract costs for the food stamp program under  
10 s. 49.79, for reward payments under s. 49.846 (2) and (3) ✓ and for services of resource centers  
11 under s. 46.283.

12 **SECTION 6.** 20.437 (2) (dz) of the statutes, as affected by 2013 Wisconsin Act 20,  
13 is amended to read:

14 20.437 (2) (dz) *Temporary Assistance for Needy Families programs;*  
15 *maintenance of effort.* The amounts in the schedule for administration and benefit  
16 payments under Wisconsin Works under ss. 49.141 to 49.161, the learnfare program  
17 under s. 49.26, and the work experience program for noncustodial parents under s.  
18 49.36; for payments to local governments, organizations, tribal governing bodies,  
19 and Wisconsin Works agencies; for kinship care and long-term kinship care  
20 assistance as specified under s. 49.175 (1) (s); for reward payments under 49.846 (3);  
21 and for emergency assistance for families with needy children under s. 49.138.  
22 Payments may be made from this appropriation account for any contracts under s.  
23 49.845 (4) and for any fraud investigation and error reduction activities under s.  
24 49.197 (1m). Moneys appropriated under this paragraph may be used to match  
25 federal funds received under par. (md). Notwithstanding ss. 20.001 (3) (a) and 20.002

(1), the department may transfer funds between fiscal years under this paragraph. Notwithstanding ss. 20.001 (3) and 20.002 (1), the department of health services shall credit to this appropriation account funds for the purposes of this appropriation that the department transfers from the appropriation account under s. 20.435 (5) (bc). All funds allocated by the department but not encumbered by December 31 of each year lapse to the general fund on the next January 1 unless transferred to the next calendar year by the joint committee on finance.

**SECTION 7.** 20.437 (2) (L) of the statutes is amended to read:

20.437 (2) (L) *Public assistance overpayment recovery, fraud investigation, and error reduction.* All moneys received as the state's share of the recovery of overpayments and incorrect payments under s. 49.191 (3) (c), 1997 stats., and s. 49.195, 1997 stats., for any contracts under s. 49.845 (4), for any activities under s. 49.197 (1m) to investigate fraud relating to the Aid to Families with Dependent Children program and the Wisconsin Works program, for any activities under s. 49.197 (3) to reduce payment errors in the Wisconsin Works program, for reward payments under s. 49.849 (3), and for costs associated with collection of public assistance overpayments.

**SECTION 8.** 49.793 (2) (a) of the statutes is amended to read:

49.793 (2) (a) Except as provided in par. (b), a county, multicounty consortium, as defined in s. 49.78 (1) (br), or governing body of a federally recognized American Indian tribe may retain ~~a portion of the full~~ amount of an overpayment the state is authorized to retain under 7 USC 2025 that is recovered under sub. (1) due to the efforts of an employee or officer of the county, multicounty consortium, or tribe. ~~The department shall promulgate a rule establishing the portion of the amount of the overpayment that the county, multicounty consortium, or governing body may~~

~~§~~ (b) "Department" means the department of health services. ✓

1 ~~retain.~~ This paragraph does not apply to recovery of an overpayment that was made  
2 as a result of state, county, multicounty consortium, or tribal governing body error.

3 SECTION 9. 49.846 of the statutes is created to read:

4 **49.846 Optional incentive program for counties and tribes that**  
5 **identify fraud in certain public assistance programs. (1) DEFINITIONS.** In this  
6 section:

7 (a) "County or tribe" means a county having a population of less than 750,000  
8 or a federally recognized American Indian tribe or band in this state.

9 ~~§~~ (b) "Food stamp program" means the federal food stamp program under 7 USC  
10 2011 to 2036a.

11 ~~§~~ (d) (c) "Medical Assistance program" means the program under subch. IV.

12 (d) "Wisconsin Works" has the meaning given in s. 49.141 (1) (p).

13 (2) PUBLIC ASSISTANCE PROGRAMS ADMINISTERED BY THE DEPARTMENT OF HEALTH

14 ~~CS~~ SERVICES. (a) Medical Assistance program. (1) ~~§~~ (2) The department of health services shall

15 establish an optional incentive program, by rule, under which the department will  
16 provide a reward payment to a county or tribe if an employee or officer of the county  
17 or tribe identifies fraudulent activity in the Medical Assistance program and the  
18 county or tribe does all of the following:

19 ~~§~~ 1. (a) Investigates the identified fraudulent activity and determines that fraud  
20 occurred.

21 ~~§~~ 2. (b) Establishes a claim for any overpaid benefits related to the identified  
22 fraudulent activity.

\*\*\*\*NOTE: What do you mean by "establish a claim?" It would be helpful if DHS could describe how the county establishes claims under current law. This question also applies to par. (b) and sub. (3) (a) 2.

(1) ~~¶ 3.~~ (c) Pursues criminal prosecution for the identified fraudulent activity if directed  
 (2) to do so by the department of health services.

(3) ~~¶ (b)~~ (2) The department of health services shall establish the optional incentive  
 (4) program to include all of the following:

(5) ~~¶ 1.~~ (a) That, for identifying fraudulent activity, a county or tribe shall choose to  
 (6) receive a reward payment in the amount determined under subd. 2. (b) or to retain  
 (7) funds under s. 49.49 (5) or 49.497 (2) (a).

(8) ~~¶ 2.~~ (b) That the amount of a reward payment to a county or tribe under the program  
 (9) is equal to 20 percent of the amount that the department determines will be saved  
 (10) in the Medical Assistance program as the result of eliminating the identified  
 (11) fraudulent activity during the 12-month period after the fraudulent activity is  
 (12) eliminated. Notwithstanding ss. 49.49 (5) and 49.497 (2) (a), a county or tribe that  
 (13) receives a reward payment may not retain any funds that are incorrectly paid as the  
 (14) result of the identified fraudulent activity and recovered due to the efforts of an  
 (15) employee or officer of the county or tribe.

(16) ~~¶ (c)~~ (3) Nothing in <sup>par. (b)</sup> subd. 2. prohibits a county or tribe from retaining funds under  
 (17) s. 49.793 (2) (a) that are incorrectly paid as the result of a recipient's error rather than  
 (18) fraud.

(19) ~~¶ (d)~~ (4) The department of health services may make reward payments under the  
 (20) optional incentive program <sup>established under this subsection</sup> from the appropriations under s. 20.435 (4) (b), (bm), (L),  
 (21) (nn), and (pa). (3) CS NO I (a)

(22) ~~¶ (b)~~ Food stamp program. (1) The department of health services shall establish  
 (23) an optional incentive program, by rule, under which the department will provide a  
 (24) reward payment to a county or tribe if an employee or officer of the county or tribe

1 identifies fraudulent activity in the food stamp program and the county or tribe does  
2 all of the following:

3 ~~¶~~ 1. <sup>e</sup>(a) Investigates the identified fraudulent activity and determines that fraud  
4 occurred.

5 ~~¶~~ 2. <sup>e</sup>(b) Establishes a claim for any overpaid benefits related to the identified  
6 fraudulent activity.

7 ~~¶~~ 3. <sup>e</sup>(c) Pursues criminal prosecution for the identified fraudulent activity if directed  
8 to do so by the department of health services.

9 ~~¶~~ (b) <sup>e</sup>(2) The department shall establish the optional incentive program to include all  
10 of the following:

11 ~~¶~~ 1. <sup>e</sup>(a) That, for identifying fraudulent activity, a county or tribe shall choose to  
12 receive a reward payment in the amount determined under <sup>✓</sup>subd. 2. <sup>e</sup>(b) or to retain  
13 funds under s. 49.793 (2) (a).

14 ~~¶~~ 2. <sup>e</sup>(b) That the amount of a reward payment to a county or tribe is equal to 20  
15 percent of the amount that the department determines will be saved in the food  
16 stamp program as the result of eliminating the identified fraudulent activity during  
17 the 12-month period after the fraudulent activity is eliminated. Notwithstanding  
18 s. 49.793 (2) (a), a county or tribe that receives a reward payment may not retain any  
19 funds that are incorrectly paid as the result of the identified fraudulent activity and  
20 recovered due to the efforts of an employee or officer of the county or tribe.

21 ~~¶~~ (c) <sup>e</sup>(3) Nothing in <sup>✓</sup>subd. 2. <sup>e</sup>par. (b) prohibits a county or tribe from retaining funds under  
22 s. 49.793 (2) (a) that are incorrectly paid as the result of a recipient's error rather than  
23 fraud.



1 (d) 4. The department of health services may make reward payments under the  
2 optional incentive program <sup>✓</sup> established under this subsection from the appropriations under s. 20.435 (4) (bm), (L),  
3 (nn), and (pa).

4 (3) PUBLIC ASSISTANCE PROGRAM ADMINISTERED BY THE DEPARTMENT OF CHILDREN  
5 AND FAMILIES; WISCONSIN WORKS. (a) The department of children and families shall  
6 establish an optional incentive program, by rule, under which the department will  
7 provide a reward payment to a county or tribe if an employee or officer of the county  
8 or tribe identifies fraudulent activity in Wisconsin Works and the county or tribe does  
9 all the following:

10 1. Investigates the identified fraudulent activity and determines that fraud  
11 occurred.

12 2. Establishes a claim for any overpaid benefits related to the identified  
13 fraudulent activity.

14 3. Pursues criminal prosecution for the identified fraudulent activity if directed  
15 to do so by the department of children and families.

16 (b) The department of children and families shall establish the optional  
17 incentive program to include all of the following:

18 1. That, for identifying fraudulent activity, a county or tribe shall choose to  
19 receive a reward payment in the amount determined under subd. 2., to receive a  
20 reward under the incentive program under s. 49.197 (2), or to retain funds under s.  
21 49.195 (4).

22 2. That the amount of a reward payment paid to a county or tribe under the  
23 program is equal to 20 percent of the amount that the department determines will  
24 be saved in Wisconsin Works as the result of eliminating the identified fraudulent  
25 activity during the 12-month period after the identified fraudulent activity is

eliminated. Notwithstanding ss. 49.195 (4) and 49.197 (2), a county or tribe that receives a reward payment may not retain any funds that are incorrectly paid as the result of the identified fraudulent activity and recovered due to the efforts of an employee or officer of the county or tribe and may not receive a reward payment under s. 49.197 (2).

(c) Nothing in par. (b) prohibits a county or tribe from retaining funds under s. 49.195 (4) that are incorrectly paid as the result of a participant's error rather than fraud.

(d) The department of children and families may make reward payments under the optional incentive program from the appropriations under s. 20.437 (2) (dz), (L), and (mc).

(4) USE OF REWARD PAYMENT. A county or tribe may use a reward payment received under this section for any purpose.

(5) WAIVERS. (a) If the department of health services determines that it needs a waiver to allow reward payments under sub. (2) (a) to qualify as administrative costs for the Medical Assistance program or to allow a county and tribe to use any federal funds received under sub. (2) (a) for any purpose, the department shall request the necessary waiver from the secretary of the federal department of health and human services and may not implement the incentive program under sub. (2) (a) unless the waiver is granted.

(b) If the department of health services determines that it needs a waiver to allow reward payments under sub. (2) (b) to qualify as administrative costs involved in the operation of the food stamp program or to allow a county and tribe to use any federal funds received under sub. (2) (b) for any purpose, the department shall request the necessary waiver from the secretary of the federal department of

1 agriculture and may not implement the incentive program under sub. (2) (b) unless  
2 the waiver is granted. (3) ✓

3 (c) If the department of children and families determines that it needs a waiver  
4 to allow reward payments under sub. (3) to qualify as state expenditures for purposes  
5 of determining whether the state is maintaining a certain level of historic support  
6 under the temporary assistance for needy families program under 42 USC 601 to 619  
7 or to allow a county and tribe to use any federal funds received under sub. (3) for any  
8 purpose, the department shall request the necessary waiver from the secretary of the  
9 federal health and human services and may not implement the incentive program  
10 under sub. (3) unless the waiver is granted.

11 (END)